

TESTIMONY OF JOHN IANI BEFORE THE SENATE  
COMMITTEE ON COMMERCE SCIENCE AND  
TRANSPORTATION

SUBCOMMITTEE ON OCEANS AND FISHERIES

TUESDAY 17 JANUARY---ANCHORAGE, ALASKA

Senator Snowe, Senator Stevens, and members of the subcommittee, my name is John Iani. I am a vice-president for UniSea, Inc. We are a Seattle-based seafood processing company that has been purchasing and processing Alaska fish products for over 25 years. We are a component of the most dynamic fisheries in the United States. UniSea purchases a wide variety of fish species harvested by fishing vessels of every size and gear type.

First, I want to thank you for giving me the opportunity to appear before you today. We have many important issues facing us as we begin the year 2000, but the one which I would like to focus on today involves the commercial crab fisheries of Alaska. My main purpose in today's testimony will be to explain the dilemma confronting this sector of Alaska's seafood industry, and to seek whatever help Congress and the Administration might be able to offer.

UniSea began, in 1973, as one of the pioneer crab processors operating in the Bering Sea and Aleutian Islands. In partnership with some very courageous and independent crab fishermen from Alaska, Washington, and Oregon, UniSea has been part of the development of the Bering Sea crab fishery into a dynamic and vibrant sector of the overall North Pacific seafood industry.

The crab industry has weathered many extreme challenges during its history, but has always managed to survive economic downturns to continue as a profitable fishery. Crab products from Alaska's Bering Sea are sold and consumed in all 50 states and virtually every corner of the globe. Unfortunately, our ability to continue to supply the huge market we have developed is now threatened by natural ecological changes that no one was able to foresee.

The backbone of the crab industry since the early 1980's has been the opilio or snow crab fishery. This fishery developed as a mainstay of Alaskan fisheries after the sudden collapse of the king crab fishery twenty years ago. The crab fleet, processors, and coastal communities have become highly dependent on this winter fishery. The opilio crab fishery each year employs thousands of fishermen, thousands of processing employees and contributes an important component of the tax base of many Alaskan communities.

Unfortunately, the new millennium is proving to be disastrous to the crab industry. Attached to my testimony is an announcement by the Alaska Department of Fish and Game announcing that the opilio quota for the year 2000 season is being slashed by 85 percent. In addition, the Department has put the industry and dependent communities on notice that in the year 2001 no commercial opilio fishery is likely to be allowed.

The announced quota for 2000 represents a 92 percent reduction from its recent historical high and the projection for the year 2001 speaks for itself.

The reasons that the Alaska Department of Fish and Game, in conjunction with the National Marine Fisheries Service, took such drastic actions are complex and necessary to understand.

This is not a case of the industry overharvesting the resource to the point where fishery managers had to act. The managers and biologists agree that this downturn results from natural causes that the current state of ocean science was simply unable to predict.

The Magnuson-Stevens Act has always stated that fishery management plans must prevent overfishing. National Standard 1 states that "conservation and management measures shall prevent overfishing while achieving on a continuing basis the optimum yield from each fishery for the United States fishing industry". The balance between overfishing and optimum yield contained in that National Standard was altered with the passage of the Sustainable Fisheries Act when language was added to require that all fishery management plans contain measures to immediately end any overfishing which is occurring and to rebuild overfished fisheries as quickly as possible, but in not more than ten years.

NMFS has interpreted the new congressional language extremely conservatively. In the final rules promulgated by NMFS the term "overfished" has two meanings. First, the term describes any stock that is subjected to a defined rate or level of fishing mortality.

Second, as is the case in the opilio fishery, the term is used to describe any stock or stock complex whose size is sufficiently small that a change in management practices is required in order to achieve an appropriate level and rate of rebuilding. The second description really has nothing to do with harvesting at all. Any number of causes, such as regime shifts, environmental changes, or others will trigger conservative management measures.

Faced with these new federal regulations and with the extreme uncertainty regarding the opilio stocks based on the best available survey information, the Alaska Department of Fish and Game really had no choice but to be extremely cautious in setting opilio quotas for the foreseeable future.

The crab industry is reeling from these recent events and we now find ourselves on the brink of a dangerous death spiral. The crab stocks are not sufficient to provide an economic base for the industry to rationalize itself through buybacks and cooperative efforts.

There is simply too much capital in the fishery for the economics to support the current number of participants, but the size of the crab harvest is now so small that there is insufficient income to finance any sort of effective fleet reduction program. In short, we need help.

There are two major phases necessary to bring the crab industry in line with these new restrictive management measures. The first, and most important, is a capacity reduction effort. The Magnuson-Stevens Act contains specific language to create a Fishing Capacity Reduction Program in section 312(b). That section establishes a system for an industry funded buyback of capacity in the industry. The problem with utilizing this helpful tool is that the future of the opilio fishery will not allow the industry to underwrite such a buyback.

Unfortunately, many of us in the crab industry; harvesters, processors, and communities are facing extremely difficult economic decisions as a result of this opilio disaster. Our own company must shut down a processing operation for the foreseeable future that will force the elimination of hundreds of jobs.

Many of the crab vessels will have major difficulties meeting their financial obligations and their futures are extremely uncertain. The communities of St. Paul and Unalaska are heavily dependent on the revenue provided by the opilio fishery and are faced with very difficult questions and decisions regarding their future city budgets and their ability to maintain their infrastructure. Simply put, the industry is in no position to fund the amount necessary to effectively reduce capacity.

The fishery management council system that you have created is the proper forum to design and maintain the rationalization plans for each of the nation's unique fisheries. The Alaskan crab fishery is no exception. The Council system, however, lacks the ability to provide the necessary financial resources to reduce capacity. You and your colleagues in Congress can only provide that succor.

We believe that your assistance in providing seed capital, coupled with a long-term industry loan obligation, can provide the help the industry needs to move to a more stable and rational crab industry. This committee and its members have long been strong supporters of this nation's fishing industry and for that support we are extremely grateful. Like the farmers of the nation's heartland, we in the fishing industry take pride of our role in providing food for our nation's consumers. Senator Snowe and Senator Stevens, you have time and again come to the aid of our fishing industry and without your support we would truly be lost. We are asking for that support once again.

As we have seen in other fisheries, Congressional assistance in capacity reduction has literally saved the participants from the brink of ruin. As a result, those fisheries are on the road to rationalization and long term stability. We in the crab industry are certain that the same result can be achieved in the North Pacific.

We are grateful for the opportunity to testify and look forward to working with the Subcommittee to solve this critical problem. At this point I would be pleased to answer any questions you may have. Thank you.